receiving entertainment content into a cache;

identifying insertion opportunities for advertising content in the entertainment content;

retrieving the entertainment content from the cache and directing it to a subscriber by way of a virtual conduit;

interrupting the entertainment content during identified insertion opportunities; retrieving an advertisement from the content cache;

directing the advertisement by way of a virtual conduit to a subscriber in accordance with a delivery script so long as an advertising insertion opportunity persists; and

resuming the direction of entertainment content by way of a virtual conduit to the subscriber once the advertising insertion opportunity desists.

Please cancel Claims 40 (forty) through 78 (seventy-eight).

Please amend Claim 79 as follows:

79. (Amended) A targeted media server comprising:

cache for receiving advertising content;

broadcast entertainment receiver;

insertion indicator that determines when insertion of advertising content is permissible and asserts an insert signal when it is permissible to insert advertising content;

stream multiplexer that selects a content stream emanating from the broadcast entertainment receiver when the insert signal is not asserted and selects a content stream from the cache for advertising content when it is asserted: and

virtual conduit unit that creates a virtual conduit to a subscriber for carrying the content stream selected by the stream multiplexer.

Please cancel Claim 80 (eighty).

Please amend Claim 83 as follows:

83. (Amended) A targeted media server comprising:

cache for receiving advertising content;

cache for receiving entertainment content;

insertion indicator that determines when insertion of advertising content is permissible and asserts an insert signal when it is permissible to insert advertising content;

stream multiplexer that selects a content stream emanating from the cache for entertainment content when the insert signal is not asserted and selects a content stream from the cache for advertising content when it is asserted; and virtual conduit unit that creates a virtual conduit to a subscriber for carrying the content stream selected by the stream multiplexer.

Please cancel Claim 84 (eighty-four).

Please cancel Claims 91 (ninety-one) through 97 (ninety-seven).

Please add the following new claims:

98. (New) A target distribution server comprising:

receiver that receives entertainment content; entertainment content selector that selects entertainment content according to a programming request received from a subscriber;

stream multiplexer that assembles said selected entertainment content into a content stream; and

virtual conduit unit that forms a logical conduit leading from the target distribution server to the subscriber that conveys the content stream from the target distribution server to the subscriber.

- 99. (New) The apparatus of Claim 98 wherein the stream multiplexer further receives and injects broadcast advertising spots into the content stream wherein the entertainment content is received from a broadcast source.
- 100. (New) The apparatus of Claim 98 wherein the stream multiplexer further receives and injects directed advertising spots according to a demographic code corresponding to the subscriber into the content stream wherein the entertainment content is received from a broadcast source.
- 101. (New) The apparatus of Claim 98 wherein the stream multiplexer further receives and injects directed advertising spots according to a demographic code corresponding to the subscriber into the content stream wherein the entertainment content is received from an on-demand cache.

Respectfully Submitted,

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